

Provincetown Finance Committee

September 15, 2005

1:00 p.m.

FINAL VERSION

Members Present: Sue Buerkel, Gary Delius, Alice Foley, Edward Gage, Ruth Gilbert, Mark Leach (left at 3:00 p.m.), and Walt Winnowski.

Members Absent: Matthew Clark, Tom Thurston, and Robert Vetric. (all of the above were excused absences)

Staff: Keith Bergman, Dana Faris, Paul Gavin, David Guertin, Alex Heilala, and Sandy Turner.

The meeting was called to order at 1:00 p.m.

Agenda

Review of minutes

Motion: The minutes will be reviewed at the end of the agenda.

Motion by Sue Buerkel Seconded by Alice Foley Vote 5-0-0.
(Gary Delius abstained.)

Discussion with Town Manager & Town Accountant:

Wastewater fund and Waste water enterprise updates

A detailed memo dated September 15th was handed out to the FinCom members and discussed. For fiscal 2006 the Town will be taking in only \$459,984 in the WWEF and not the \$903,818 which had been projected. Based on these revised projections for FY 2006, the Wastewater Enterprise Fund shortfall next year will be \$377,817.

Keith continued by saying that the assessments will go out on a timely basis and the Town should realize a full betterment. The billing for the sewer betterment didn't occur on every bill – just on the spring bill. We still had a lot (\$286K) not collected last year on about \$400K worth of betterments. Also the red-dot delays are being actively pursued.

Keith Bergman apologized profusely for the discrepancies and felt that the responsibility was his alone but a lot of the fault could be timing and departmental transitions, i.e., Bruce Miller left and Alex Heilala came on board.

Minimum Sewer Fee

The Board of Selectmen (BoS) is looking at establishing a minimum sewerage fee. (Some folks don't pay a cent during the winter season.) KAB estimates that about \$68K can be raised by the minimum fee. If the BoS and the Water & Sewer Board approves the minimum bill then we'll be able to break even this year. Prospec-tively – for the long term - the key to financial security is additional hook-ups. That's why we went back to the red dot properties. The sewer connection rate is going up – as of today. This has resurrected ill feelings and the DEP is allowing us to revisit the rulings. The DEP

asked us to take another look. We'll discuss this later and do an analysis. Blackmail of a sort is thought to be the key to motivate the red dot delays – or tell them they may have to stand in line in the future. So – maybe – a property would have the ability to hook-up at a later date. The BoS feels the allocation of this gallage will be the prod needed to force red-dots to hook up. David Guertin also said to make them aware that the restaurants may have to lose seats should they opt to stand pat. Also – only the initial hook-ups were the people who could qualify for interest-free loans. The proverbial carrot would be that the large users might not have to pay the interest at 4% that the Town has to pay.

Gary Delius asked, “Do we know what that cost would be?” KAB said that the money to cover the loan would come from the people who hook up later. David Guertin said that we're using the blended rate to get an approximate figure. Keith explained further that you divide your total based on the end of the loan. If you hook up at year 3, you have to pay the amount over a 17 year period, etc.

David Guertin said that there has been a lot of concern about the beach side of Commercial St. – There is less and less tolerance for the red dots and the BoH will eventually force this. If a red dot delay is a cesspool, then the DEP may force these people to hook up. All these decisions are based on the DEP and their findings since the DEP has to determine that we have excess capabilities.

KAB thought that once we complete phase 1 then we would have to add to accommodate the system. David Guertin said that the system was over designed. There is massive extra capacity for our treatment plant – some leaching beds have yet to be used. We are 180 degrees away from where we were last winter. It was also thought that maybe by next year Shankpainter Road will be included with the Cumberland Farms site for affordable housing as well as Chuck Silva's laundromat. Hopefully this will all gain fruition by next year. At the fall town meeting the town may ask for an additional 1 to 2 M dollars for sewer extension. The sewer is commanding the full time attention of the Town.

Until we resolve collection capacities and the dynamics of the flow problems, David Guertin said this is conjecture. The phase 2 (or whatever it will be called) is predicted to be a non-vacuum system and new connections will be higher priced. Dana Faris said that every red-dot owner of property had received a certified letter informing them of the Water & Sewer Board meeting that took place a few weeks ago. Mark Leach said he's a red-dot home-owner and he has received no such letter. He further felt that the messages from the Town have been ambiguous and confusing. David Guertin countered by saying that the BoS Monday night meeting will set all the matters straight. KAB said that – further - if a red dot delay property sells then it must hook up right away (prior to closing).

Ed Gage asked why some people have been forced to put in a title 5; Grand Union was a case in point? The A&P even wanted to put in the sewer pipe on Shankpainter. David said it was a timing issue.

Sue Buerkel asked about the minimum bill proposal that is under consideration - is it tied to the flow? The answer was yes, i.e., an empty restaurant will pay a higher rate than a residential property. Lowest bill would be \$75. Year round residents will not be impacted.

Walt Winnowski said that the direction presented today is a lot easier to understand and seems more equitable. KAB said it is the accounting issue and the information that we didn't have as of June 30th. This was the explanation on why the figures were different. Books didn't get closed until one accountant left and the transition was the problem. When he & Alex sat down with the auditor –

expenses were charged to the general fund and not to the enterprise fund. That's why there was a mistake. Also our estimates were based on having data and we didn't have the right information. The error, even though Keith takes the responsibility for it, was due to turnover; he's pleased with the team that he has currently in place. Back in January and February we weren't ready to deal with the red-dot delay issues. We were in limbo as far as DEP is concerned. He regrets the circumstances.

Ruth Gilbert said that the minute the information gets out there – we, the FinCom get hit with a credibility issue. KAB gave accolades to the FinCom, and truly appreciates the time and effort that they have expended. There was about a month's delay in the information and then the publicity about it. Keith apologized time and time again.

Ruth wondered if it would make sense to offer some kind of incentive to have the people pay their sewer loans earlier than they have to? KAB said that the Town borrowed \$14M and only has to pay back \$12M so it wouldn't be meaningful for the Town.

Water Enterprise Fund

David Guertin said the balance is used to fund future projects. David said that we've met with the Truro and discussed the permitting of north Union Field. David wants to get off the knife-edge of monitoring pumping. This gives us additional clout; we have 5 years to use old Air Force base water while Union Field is being developed. He's meeting with the DEP on Monday to discuss the development of North Union Field. He expects approval on Monday to all predicated issues of site control – purchase, lease, or whatever. Truro wants to lease it to us. South Hollow has 800K gal/day so this could be our redundant source.

Gary Palmer was interested in having a fly-over and both towns could benefit from a fly-over and the digitalization will be available next week. It allows us to have a dialogue and this sets the tone for future discussions.

Ruth wants this fund to continue to be healthy and doesn't want to see this fund accessed in any other way for any other reason. KAB agreed saying it's our shining example. (Water Enterprise Fund)

Gary Delius who works for Truro said it's merely a matter of miscommunication. We will be doing a lot of things together and it behooves us to communicate with them on the Water Enterprise Fund. David agreed saying that the dynamics are changing. KAB said that the water pressure issue is now being addressed.

Impact of Changes of Use on Room Tax Revenues and Property Tax Levy Limit

Paul Gavin, our Assessor, presented a great deal of information to the FinCom.

Parking revenues are down \$64K as well as other businesses across the board. Paul said that we are one of the fastest growing condo centers in the state and for 2005 alone we had 24 condo-conversions.

Ruth Gilbert said, speaking as a real estate broker, that there's a glut of condos on the market. She said in the past that she could encourage buyers to purchase because in the near future the condo they liked might not be there another day. But now, there are many hanging on the market for longer than usual and it has become a buyer's market.

KAB said that the Economic Development Group is seriously looking at the foundation of our economy and looking at what we can do to improve the situation. They are looking at growth

management bylaws in order to allow more flow from old restaurants, etc. to be captured for new happenings.

Ruth said to Paul that she feels his estimates are very low. Paul said that all of these conversions will help the town. Boatslip, for example, will go for \$1.5M or \$1.6M per unit. These charts are only what-ifs and these are going to be multi-phased. Gary wondered if this extra capacity will be able to keep us out of prop 2½? KAB said that we will have to have budget crunches to avoid 2½.

KAB also talked about all the fees going up and that the increases have been received well – so far.

Mark Leach – referring to the Boatslip – said that one thing you have to keep in mind. “The impact of 200 gay boys not coming down here any more. No tea dance; how will that impact the economy?”

Paul said that if these units are converted to homes then many people will not be going out to eat any more. Ruth said that she had seen all the coolers coming in to condos this summer translating to more people eating in.

KAB said that the FinCom and he are going to need to get back together before the fall town meeting. Some of the issues are: 1) making a plea for grants. 2) lease agreement with the Pier Corporation and the issue of the fishermen (mostly commercial fishing.) It now costs \$350K/yr to subsidize the Pier Corporation because of the overall lack of fishing. That’s one of our biggest challenges. Barnstable qualified last year for a grant taking these fishing issues into consideration under two categories. “If you don’t ask you don’t get.”

The Annex sale is coming back before the voters and we’re adding some more square footage. He thinks the School Committee will want to bring back an additional request for a loan extension. Great news is that - in the Standard and Poors report - we have maintained our A+ rating. It’s in the 3s.

KAB regarding the CPC projects said that they will probably be postponing this for the April 2006 town meeting. At that point the Economic Development Council will be established along with the Zoning By-law. KAB told them they could probably get money from the VSB. KAB will probably have to move some money around. The November Town meeting will be mainly to do the sewer and balance the budget. There are still a lot of issues that involve the schools.

NEXT MEETING WILL BE HELD ON:

THURSDAY - OCTOBER 20TH AT 1:00 P.M.

The meeting adjourned at 3:15 p.m.

Respectfully submitted,

Evelyn Gaudiano

Evelyn Rogers Gaudiano

Approved by _____ on _____, 2005

Ruth Gilbert, Chair